

# American

## NEWS & VIEWS

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**President Obama's Message to Strategic and Economic Dialogue in Beijing**

*U.S.-China relationship will shape the 21st century, the president says*

THE WHITE HOUSE  
Office of the Press Secretary

FOR IMMEDIATE RELEASE  
May 24, 2010

Statement of President Barack Obama to the U.S.-China Strategic & Economic Dialogue  
Beijing, China

To the participants of the U.S.-China Strategic & Economic Dialogue,

Last summer, I was proud to welcome many of you to the White House as our two countries launched this Strategic and Economic Dialogue. I want to thank President Hu, Vice Premier Wang, State Councilor Dai, and the entire Chinese delegation for their hospitality in hosting this year's meeting.

I am pleased that our delegation in Beijing is led by two outstanding members of my Cabinet -- Secretary of State Hillary Clinton and Treasury Secretary Tim Geithner -- and that they are joined by officials from across my Administration.

As I said when we began this dialogue, the relationship between the United States and China will shape the 21st century, which makes it as important as any bilateral relationship in the world. Together, we set out to build a positive, constructive, and comprehensive relationship, and we pledged to cooperate to advance our shared interests. That is what we have done.

As two of the world's largest economies, we have worked together, and with our G-20 partners, to sustain the global economic recovery. During my visit to China last fall, we forged clean energy partnerships, and at Copenhagen we made important commitments to confront climate change.

To advance our common security interests, we are cooperating to prevent the spread of nuclear weapons and regional nuclear arms races that would endanger us all. I was pleased to welcome President Hu to our Nuclear Security Summit in Washington, and I thank China for its commitment to establish a center of excellence on nuclear security, which will help achieve our shared goal of securing vulnerable nuclear materials around the world.

Over the next two days, our two countries have the opportunity to deepen our cooperation even further and

advance the prosperity, health and security of our people. Together, we can promote economic growth that is balanced and sustained and trade that is free and fair. We can work to fulfill the commitments we made at Copenhagen. We can address pressing regional and global security challenges, including strengthening the global nonproliferation regime to ensure the rights and responsibilities of all nations. We need to improve communication between our militaries, which promotes mutual understanding and confidence.

Our two nations may not always agree on every issue, but this dialogue also allows us to communicate and understand one another better. This includes America's abiding commitment to those human rights that are universal and to the dignity of all people. Indeed, we welcome our human rights dialogue with China, which we began this month and which I look forward to continuing.

Across all these areas, our relationship with China is guided by the recognition that we live in an interconnected world. As I said during my visit to China while standing beside President Hu in the Great Hall where you gather today, one country's success need not come at the expense of another. Our progress can be shared. Indeed, the United States welcomes China as a strong, prosperous and successful member of the community of nations.

A truly comprehensive relationship, however, cannot be between governments alone. It must also be between our people. That is why my visit to China included a discussion with young men and women in Shanghai, and it is why we are working to deepen the ties between Americans and Chinese through educational and cultural exchanges.

As you meet in Beijing, the people of Shanghai are hosting the World Expo, which reflects the strength and creativity of China and its people. There, at the USA Pavilion, the United States is proud to showcase the spirit that has always defined our country, including our belief that we can join with other nations to build a better life for our children.

This is the spirit that brings our countries together in Beijing and the spirit that must guide our work as we deepen our positive, constructive, and comprehensive relationship. Thank you for participating in this Strategic and Economic Dialogue, and we look forward to welcoming you to the United States for our meeting next year and to continuing our progress.

Sincerely,

President Barack Obama

## President Obama Offers South Korea Full Support over Ship Sinking

By Merle D. Kellerhals Jr.  
Staff Writer

Washington — President Obama says trade and political actions taken by South Korea in response to the sinking of one of its naval vessels by a North Korean submarine have the full support of the United States, the White House said May 24.

"Specifically, we endorse President Lee's demand that North Korea immediately apologize and punish those responsible for the attack, and, most importantly, stop its belligerent and threatening behavior," White House press secretary Robert Gibbs said in a statement.

South Korea's president, Lee Myung-bak, announced early May 24 that his government is severing almost all trade with North Korea, will deny North Korean merchant ships use of South Korean sea lanes, and will seek U.N. Security Council action to punish the North. Lee said the March 26 attack on a South Korean naval vessel that killed 46 sailors was deliberate.

"The measures that the government of the Republic of Korea announced today are called for and entirely appropriate," Gibbs said. "The Republic of Korea can continue to count on the full support of the United States, as President Obama has made clear."

An explosion March 26 ripped the 1,200-ton South Korean corvette Cheonan in half and it sank in about 40 meters of water near the disputed western sea border between the South and the North. Fifty-eight sailors were rescued, but 46 sailors were killed in the blast.

A panel of experts from South Korea, the United States, Britain, Sweden and Australia determined the ship was sunk by a torpedo of a type manufactured and used by North Korea. Fragments of a torpedo with North Korean markings were found by South Korean fishermen on the ocean floor near the site of the sinking, and investigators found traces of the explosive RDX. RDX is used in sea mines and torpedoes.

### DIPLOMATIC RESPONSE

Secretary of State Hillary Rodham Clinton said in Beijing May 24 that she has been consulting closely with South Korean officials and will continue to do so when she arrives in Seoul May 26. Clinton is on a three-nation Northeast Asia diplomatic mission that began in Tokyo, moved to Shanghai for the 2010 Shanghai World Expo, then traveled to Beijing for talks with the Chinese leadership. She is scheduled to make a one-day stop in Seoul.

"I have also had in-depth conversations with the Japanese leadership, and I am in the midst of intensive consultations with the Chinese government on this issue," Clinton told reporters in Beijing. "The Chinese are taking this very seriously, and recognize the importance of maintaining peace and stability on the Korean Peninsula."

Clinton said others in the U.S. government including Defense Secretary Robert Gates are "actively engaging countries in the region." Gates and Admiral Mike Mullen, chairman of the Joint Chiefs of Staff, will meet with South Korean Defense Minister Kim Tae-young and other defense leaders from throughout East Asia at the June 4-6 Shangri-La Security Dialogue held annually in Singapore.

Obama will meet with South Korea's Lee at the Group of 20 (G20) Summit in Toronto June 26-27.

Clinton said the United States endorses Lee's call for North Korea to come forward with the facts on this naval engagement. Second, the U.S. support for South Korea's defense is unequivocal.

"President Obama has directed his military commanders to coordinate closely with their Korean counterparts to ensure readiness and to deter future aggression," Clinton said. "We will explore further enhancements to our joint posture on the [Korean] Peninsula."

Clinton said Lee's decision to bring the matter before the U.N. Security Council was prudent. U.S. Ambassador to the U.N. Susan Rice, her Korean counterpart and representatives from Japan, China and other Security Council nations have begun working to reach an agreement on the way ahead.

The United States has also begun reviewing its policies toward North Korea to identify areas where adjustments may be needed, Clinton said.

"The U.S. will continue to work with the Republic of Korea and other allies and partners to reduce the threat that North Korea poses to regional stability," Gibbs said at the White House.

## Congress Moves Closer to Remaking U.S. Financial System

By Andrzej Zwanecki  
Staff Writer

Washington — Far-reaching financial system reform is taking shape in the United States as a newly passed Senate bill is being reconciled with an earlier House of Representatives measure.

The bills — passed by the Senate May 20 and the House in December 2009 — aim to overhaul the financial

regulatory system and, consequently, the financial industry, in a way that would make an economic crisis like the one in 2008 less likely in the future. The two versions of legislation must be reconciled through negotiations between representatives of the two chambers and a final measure must be passed by each chamber before the president can take action.

Morris Goldstein of the Peterson Institute for International Economics said it will not be difficult to achieve reconciliation.

Senator Christopher Dodd (Democrat from Connecticut), chairman of the Senate Banking Committee, who together with Representative Barney Frank (Democrat from Massachusetts), chairman of the House Financial Services Committee, will lead the negotiations, said he expects the final bill to be ready for the president's signature before July 4. "This is one of those rare occasions when the two bills really are very close to each other," Dodd said.

Both bills seek to ensure that troubled financial institutions can be liquidated at no cost to taxpayers. The measures would empower regulators to seize such companies — no matter how big or complex — break them apart and sell off their assets. The bills also would address finance-related risks to the entire financial system, and consequently to the entire economy, that so far have not been monitored by any regulator. A new government body would be authorized to set up an early warning system for emerging systemic risks.

Both bills would establish new rules on trading of complex and risky financial instruments called derivatives. Trading in derivatives is considered a major contributing factor to the recent financial crisis. The bills also would create a new government agency designed to ensure integrity and transparency of consumer financial products such as home mortgages, auto loans and credit cards.

The two bills differ, however, on some key details. Among major issues that the banking industry's lobbyists and consumer advocates will focus on now are questions such as funding for possible future government efforts to close faltering financial institutions; whether a consumer financial protection regulator should be a stand-alone agency; whether banks should be prohibited from making market bets with their own money, as opposed to trading on behalf of their clients; and whether big banks should be forced to spin off some of their derivatives business into separate subsidiaries.

The financial services industry, Republicans and some experts who have criticized the Senate measure as over-reaching and misguided have argued that the newly passed Senate bill would hurt the U.S. economy. "The cost

of doing business in the U.S. just increased enormously, as did the odds of a double-dip recession," said Kevin Hassett of the American Enterprise Institute (AEI) after the Senate approved the bill. His comments, published on the institute website, reflect the belief of many in the Republican Party and banking industry. AEI is a conservative policy research group.

Goldstein, of the more liberal Peterson Institute, said, however, that "a strong response was necessary" because not more than a year and half ago the U.S. financial system was on the verge of collapse.

Neither of the two versions includes more populist or radical measures, such as a tax on financial transactions or on executives' and traders' bonuses, which have been proposed by European governments. Some experts also said that large banks and other financial companies will adapt to any new law by finding loopholes in its regulations to create new sources of profit.

That is why — whatever shape of the final bill — a new financial law should be considered a necessary, but not sufficient, step to prevent future financial crises, said Doug Rediker of the New America Foundation, a liberal policy research group. The effectiveness of a new law aimed at preventing such crises will depend on how regulators use their discretion, he said.

"It is going to require more vigilant and empowered regulators," Rediker said. He said new bodies such as a financial oversight council and a consumer financial protection agency must have authority not only to watch Wall Street and Main Street, or consumers, but also to set standards and aggressively go after those institutions and products that make risk unwieldy or provide shoddy services or products.

### **Second Green Revolution Taking Root in Africa**

*African agriculture specialist addresses food security conference*

By Charles W. Corey  
Staff Writer

Washington — A second Green Revolution is starting to take root in Africa, says Cameroonian-born agriculture specialist A. Namanga Ngongi. And that is important because agriculture is the largest private sector occupation in Africa and could fuel economic growth and development across the continent.

Speaking to the Symposium on Global Agriculture and Food Security May 20 in Washington, Ngongi, who is president of Alliance for a Green Revolution in Africa, said African farmers must take a private sector and collaborative approach to their vocation, working with nongovernmental organizations, governments and banks to help solve their problems — which often involve



scarcity of credit.

[The introduction of high-yielding varieties of seeds after 1965 and the increased use of fertilizers and irrigation that provided a dramatic increase in production in developing nations are known collectively as the Green Revolution.]

Ngongi, who earned a doctorate from Cornell University, said: "We all know how risk-averse the banks are to lend to agriculture. Here, if I wanted to start a farm in America, I am sure I would find a bank that would have some support from the U.S. Department of Agriculture that would give me credit at a lower rate" than what is available commercially.

Ngongi said commercial credit available for agriculture in Africa is not in proportion to its importance in the economy. "In Africa, 2 to 3 percent of commercial credit goes to agriculture ... which occupies 70-75 percent of the population and generates something like 40 percent of the gross domestic product in most countries and contributes 50-60 percent of the export earnings of most countries," he said.

To help change that, Ngongi said, his organization has partnered with the National Microfinance Bank in Tanzania, Equity Bank in Kenya and Standard Bank in Mozambique, Tanzania, Uganda and Ghana, to put together millions of dollars of funding that could be leveraged as credit from those banks for use by farmers. That program, he said, has brought about a new way of thinking and of doing business on the part of the participatory banks. To illustrate his point, he told of a woman farmer in Kenya who told him that, with the onset of that program, for the first time she could enter a bank as a farmer in Kenya and expect to be served.

Ngongi also credited telephone banking with helping pave the way for progress.

"Telephoning has reduced the cost of the administration of credit to the point where the banks added 2 million new customers and only added 100 new staff members" to service that expanded customer base. "They were able to reduce interest rates from 18 percent to 12 percent," and that 12 percent, he said, is now dropping to 9 percent in Kenya. "It can be done in many other countries," if the banks and governments accept and implement certain reforms, he said.

In addition to improvement on the credit front, Ngongi said, Africans now are seizing new opportunities in the areas of seeds, soils and markets — all working in concert with realistic farming policies that increasingly are being adopted by African governments.

"We all know that you need good seed. You need to plant

good seed" if you are going to prosper as a farmer, no matter the location and size of the farms, he said.

Small African seed companies are developing new-high yield seeds and making a difference, Ngongi said. His organization, he added, supports 32 African seed companies that are now producing 15,000 metric tons of seeds annually.

He cited the example of the Faso Kaba Seed Company in Mali, which started with nine tons of seed four years ago. Last year, it produced 300 tons of high-quality seed that was made available to farmers in Mali, both small and large.

Small farms, like the larger farms, can produce bumper crops, he said, when all things are equal. If both small and large farmers have equal access to good seeds and technology, there is no reason why the small farmer cannot produce just as much as the large farmer per hectare, he added.

On fertilizer use, Ngongi said African farmers average nine kilograms per hectare. In the United States it is 100 to 150 kilograms per hectare and 300 kilograms in China, he explained. Using micro-dose technology, he said, African farmers can use 20-30 percent of what other farmers worldwide use and still harvest as good a crop because of the richness of the soil and the often-abundant rainfall.

What African farmers urgently need are working markets where farm crops can be bought and sold at rational and realistic private sector, market prices, he said. For years, he explained, many African governments imposed dysfunctional fixed-price markets in which farmers could not sell their crops at a profit. For that reason, he said, they often chose not to grow food crops because they would have to sell their harvest at a loss. This often sparked food shortages.

To illustrate his point, he said Uganda is the second-largest worldwide producer of bananas, but ranks 75th on the list of commercial banana exporters by volume.

"Why?" he asked rhetorically. "Most of the crop is lost because they cannot keep it. They cannot process it. They cannot transport it. They cannot package it. They cannot add value to it."

While many of those issues still need to be addressed, he said, his organization has made progress recently by working with farmers in Uganda and Kenya to triple their income by selling bananas by the kilo and not by the bunch.

What is also needed, he said, is close coordination between farmers and African leaders to change African

agriculture policies so they make more sense for everyone. "You can develop policies at the ground level, people can come with their ideas of what to do — we all know what to do — but the people who can drive the change are the people who are leading the countries — the presidents."

African governments must create the conditions to allow agriculture to thrive, he said, and that, in turn, will fuel economic growth and development across the continent — and feed the continent.

### **Nepal, Pakistan Filmmakers Reach Democracy Video Challenge Finals**

*South and Central Asia finalists interpret democracy in compelling ways*

By Carrie Loewenthal Massey  
Special Correspondent

New York — What is democracy?

To Anoop Poudel, democracy is the color black.

To Shree Gurung, it is a way of life.

To Faraz Siddiqui, democracy is a message people send.

Poudel and Gurung, both from Nepal, and Siddiqui, from Pakistan, are all filmmakers, each a finalist from the South and Central Asia region in the U.S. Department of State's 2010 Democracy Video Challenge. Contestants from around the world created short films that complete the phrase "Democracy is."

The challenge, in its second year, drew nearly 700 entries from 83 countries. Now through June 15, the public can vote on the films at the Democracy Video Challenge's page on YouTube, a contest partner. Public votes will determine the contest's winners, and anyone may vote on as many films as desired, once per day.

In mid-June, the top vote getters from each geographic region — one each from the Western Hemisphere, Europe, Near East, Africa, South and Central Asia, and East Asia and the Pacific — will receive all-expenses-paid trips to Washington, New York and Los Angeles. The six winning filmmakers will meet with democracy, film and government leaders in each city and their films will screen at gala events in the cities in fall 2010.

The Department of State and its partners announced the 18 regional finalists May 15. From a narrowed pool of 87 semi-finalists, an independent, high-level jury selected the final videos to compete for the grand prize. The jury comprised the six 2009 winners as well as executives from the film and recording industries, film school administrators and leaders of partner foundations.

Jury participant Paula Madison, an executive vice president and chief diversity officer of media and entertainment company NBC Universal, called the video challenge "an inspiring way to celebrate freedom and diversity."

To convey their diverse perspectives on democracy, each of the South and Central Asian filmmakers relies on powerful visual imagery.

Poudel, from Nepal, shows different color liquids pouring into containers in a science lab in his submission, *Democracy is Black*. Each color represents one of his family member's views of democracy, including blue as a symbol for freedom and red for love. After reflecting on his family's opinions, Poudel demonstrates his own take on democracy by stirring all of the colors together into a murky black. The significance of this color projects on the screen in the film's final frame.

Also from Nepal, Gurung flashes images through the screen of a television in his film, *Democracy is \_*. The pictures depict political rallies, cultural gatherings, children, athletes and news reports, culminating in his answer to the contest's prompt that "Democracy is a way of life. Without it life is incomplete."

In *Democracy is the Message by People*, Pakistani filmmaker Siddiqui takes to the streets, his camera capturing placards held up by various participants to proclaim their definitions of democracy. The signs include such phrases as "freedom of media," "rule of merit," "frustration with incompetence," "dissatisfaction with corruption" and "human rights" before the film concludes with its title, "Democracy is the message by the people."

Partners in the Democracy Video Challenge include the State Department, the Center for International Private Enterprise, the International Republican Institute, the National Democratic Institute, the International Youth Foundation, the Motion Picture Association of America, NBC Universal, the Recording Industry Association of America, New York University's Tisch School of the Arts, TakingITGlobal, the University of Southern California's Annenberg School for Communication & Journalism, and YouTube.

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